

4 key phases in financial planning process:

- Identify Financial Goals
- Determine Net Worth
- Estimate and balance income and expenses
- Implement (put into action) and modify the financial plan:
 - Review personal debt situation
 - Allocate savings to reach goals
 - Modify as needed

Phase 1: Financial Goals:

Goals: Saving and investing is easier with specific goals in mind.
2 types of goals: **Long term & short term.** Goals can also be based on **needs & wants!**

Short-term goals: less than 1 year. Examples of short term goals: building an emergency fund, saving to buy a new coat, paying off credit card, establishing a holiday gift fund.

Long-term goals: 1 yr +. Examples of long term goals: saving for a down payment on a car/house, paying for post-secondary education, saving for a special vacation, saving/investing for comfortable retirement.

Needs: short & long term goals that MUST be met.

Wants: short & long term goals that are not absolutely necessary.

***Often times short & long term goals are related. A short term goal may be to save \$100/month in order to reach the longer-term goal of having \$3000 for a down payment on a new car.*